

USAID MEA Regional  
Water Workshop

Decentralization and  
Public-Private  
Partnerships for  
Improved Water  
Management

26-30 September 2000

Sharm El Sheikh, Egypt

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Development Alternatives, Inc.  
7250 Woodmont Ave. Suite 200  
Bethesda, Maryland 20814

**FORWARD**



*Collaborative Approaches for Resolving Water Issues*

### The FORWARD Team

Development Alternatives, Inc., Bethesda MD (Prime Contractor)  
Arab Scientific Institute for Research and Transfer of Technology, Ramallah West Bank/Gaza  
Camp Dresser & McKee International Inc., Cambridge MA  
CDR Associates, Boulder CO  
Conflict Management Group, Cambridge MA  
EnviroConsult Office, Amman Jordan  
Environmental Quality International, Cairo Egypt  
Geomatrix Consultants, Inc., Costa Mesa CA  
HDR Engineering, Inc., Austin TX  
Management, Planning and Research Consultants, Beirut Lebanon  
Optimal, Sharm El Sheikh Egypt  
Training Resources Group, Alexandria VA  
Valu Add Management Services, North Andover MA

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## **WORKSHOP OVERVIEW**

### **Workshop Overview**

On 26-30 September 2000, US Agency for International Development staff met in Sharm El Sheikh, Egypt at a regional workshop on Decentralization and Public – Private Partnerships for Improved Water Management. USAID's Asia and Near East Bureau (ANE) and the Water Team of the Global Environment Center sponsored the workshop for USAID field staff working in the region.

Prior to the workshop, USAID staff helped design a web site to facilitate the planning of the workshop. The site is now being used to document the workshop presentations. A number of resources and tools are also available on the site that explain more about decentralization and public – private partnerships for improved water management. The workshop web site address is <http://www.meawaterworkshop.com/>.

Forty-six USAID and State Department staff participated in the workshop. Missions represented included Bangladesh, Egypt, Jordan, India, Morocco, West Bank/Gaza, and South Africa. USAID/Washington staff from both the ANE Bureau and the Global Bureau Water Team also participated in the workshop. Twelve technical experts in private sector participation and integrated water resource management (IWRM) presented interactive sessions and were available as resources throughout the workshop.

A complete list of participants and presenters can be found in Annex 1 and on the workshop web site at [http://www.meawaterworkshop.com/workshop\\_information/workshop\\_information.htm](http://www.meawaterworkshop.com/workshop_information/workshop_information.htm)

### **Workshop Objectives**

The objectives of the workshop were to:

- Explore the inter-relationship among integrated water resources management, decentralization, and public-private partnerships;
- Discuss the pros and cons of public-private partnership options and their relevance to the development of the water sector in USAID/ANE countries; and
- Identify steps USAID Missions and USAID/Washington can take to incorporate or expand decentralization and public-private partnerships into their programs.

### **Workshop Design**

During the four day workshop, USAID staff participated in a series of sessions that explored the interrelationships among integrated water resources management, decentralization, and public-private partnerships. They also discussed the advantages and disadvantages of different public-private partnering options. Staff had the chance to

discuss the relevance of public-private partnerships to the development of the water sector in USAID/ANE countries. Site visits to the South Sinai Water Company and a USAID project in Old Cairo gave them an opportunity to see first hand some of the public-private partnerships being implemented by the mission in Egypt.

## SESSION DESCRIPTIONS

### Session Overview

The workshop began with a formal welcome from the USAID/Egypt Mission Director, Bill Pearson, John Wilson from the ANE Bureau and Alan Hurdus from the Global Bureau and Water Team. This was followed by introductions of the workshop participants and a description of the workshop objectives and agenda.

Three plenary sessions, highlighting the relationships and pros and cons of integrated water resources management, decentralization, and public-private partnerships set the context for the discussions. Presenters included Jerry Delli Priscoli, US Army Corps of Engineers, Doug Tinsler, Chemonics, and Per Ljung, PM Global Infrastructure.

Four concurrent sessions on private sector participation fundamentals provided a primer on four basic components of public – private partnerships:

- Structural and Regulatory Reform by Matt Hensley, Institute for Public-Private Partnerships;
- Competitive Utility Management by John Williams, HDR Engineering;
- Transactions and Procurement by Pat Gallagher, Camp Dresser and McKee, and;
- Financing by Tony Bagwell, HDR Engineering.

Koussai Quteishat, Director of the Middle East Desalination Research Center in Oman, discussed desalination alternatives and economics.

Two representatives from Suez Lyonnaise des Eaux, Joubrane Owayshek and Frederic Claux, explained private sector participation from a developer's and operator's perspective.

John Wilkinson, Deputy Assistant Administrator for the ANE Bureau, led two sessions on day two. The first, an overview of Regional Water and the Middle East Peace Process, included a short presentation by Chuck Lawson, US State Department, and Alan Hurdus, USAID Water Team Leader. The second session included Mission Directors' perspectives on regional water and private sector participation. Three mission directors, Toni Christiansen-Wagner, USAID/Jordan; Larry Garber, USAID/West Bank & Gaza; and Bill Pearson, USAID/Egypt, provided their insights on this topic.

Sharon Murray, USAID/Washington, identified a number of resources that are available to missions to support their private sector participation efforts in the water sector.

Representatives from four missions - Dick Edwards, India, Alex Sundermann, Jordan, John Thomas and Mario Kerby, Morocco, and Tim Alexander, Egypt - described their experiences and the challenges they face in implementing private sector participation programs in their respective countries.

Matt Hensley presented a final challenge to the group in a session on USAID's role in future private sector participation innovations.

John Wilson and Alan Hurdus discussed next steps and follow-up that will be pursued after the workshop.

The USAID/Egypt mission organized two site visits for the group: Old Cairo and South Sinai Water Company. Ossama Salem explained the dynamics of the South Sinai Water Company prior to the visit.

All sessions, both plenary and concurrent, were designed to provide ample opportunity for discussion and questions and answers following the presentations. In addition, a brainstorming session following the concurrent sessions provided an opportunity for the participants to discuss and identify their major learnings and possible applications for the information.

The workshop agenda can be found in Annex 2 and on the MEA Water Workshop web site: <http://www.meawaterworkshop.com>



## SUMMARY OF PRESENTATIONS

The following section contains a brief summary of each of the workshop presentations. Profiles of each of the presenters can be found in Annex 3 of the report.

PowerPoint presentations for each of the sessions can be found on the workshop web site in the proceedings section.

### **1. Keynote Address: An Overview of the Challenges and Opportunities of Integrated Water Resources Management (IWRM), Decentralization, and Private Sector Participation**

*Dr. Jerry Delli Priscoli  
Institute for Water Resources, U.S. Army Corps of Engineers, and  
Editor-in-Chief of Water Policy*

Dr. Delli Priscoli highlighted worldwide trends in water management; defined integrated water resources management, decentralization and private sector participation; provided examples of how integrated water resources management, decentralization and private sector participation are linked.

### **2. What's Driving Decentralization – Pros and Cons**

*Douglas Tinsler, Senior Vice President  
Chemonics International, Washington, D.C.*

Mr. Tinsler chronicled the history of decentralization since the 1960s and introduced a paradigm for decentralization and local government involvement in the water sector in the twenty-first century. The paradigm includes the following components necessary for decentralization.

- Democratic governance;
- Comprehensive local development codes;
- Supply and demand driven approach to service provision;
- Institutional specialization in utility service provision that includes an independent regulatory agency to oversee utility performance and set tariffs and establishment of independent utilities that are free to operate on a commercial basis to recover costs and generate revenues;
- Private sector participation at the local level; and
- The role of donors in water utility and private sector participation development.

### **3. What's Driving Private Sector Participation – Pros and Cons**

*Per Ljung, Chairman and CEO  
PM Global Infrastructure, Inc., Washington, D.C.*

Mr. Ljung discussed the driving forces behind private sector participation, what has been done to date, the results of some initial private sector participation efforts, and lessons learned and implications for existing and future private sector participation programs. He identified several questions that need to be addressed during privatization efforts.

- Regulatory transparency – how can we ensure transparency during development of regulations?
- Poverty impact and subsidies - can universal service be assured to reach the poor?
- Resource mobilization - can private concessionaires mobilize the required funding, especially for sewerage?
- Can we ensure competition?

### **4. Structural and Regulatory Reform**

*Matt Hensley, President and Director  
Institute for Public-Private Partnerships, Washington, D.C.*

Mr. Hensley discussed:

- What constitutes 'effective' reform frameworks (prerequisites for private sector participation);
- Options for unbundling and utility regulation (another way to talk about demonopolization);
- Methods of economic regulation (policy and design choices that go into fostering or creating an environment for privatization);
- Segregating pre-and post-transaction roles; and
- Examples of effective regulatory frameworks.

### **5. Competitive Utility Management: Corporatization and Commercialization**

*John Williams, Senior Vice President and National Director of Management Consulting  
HDR Engineering, White Plains, NY*

An alternative to privatization is to make public sector utilities more competitive by helping public employees achieve superior performance, maximum efficiency, and outstanding customer service. Mr. Williams used two hypothetical examples to explore

the concepts of competitive utility water management and identify pros and cons of this approach.

## **6. Transactions and Procurement: Service Agreements, B00s, BOTs**

*Pat Gallagher, Vice President for Project Development  
Camp Dresser McKee, Inc., Cambridge, MA*

Mr. Gallagher provided an overview of the various types of transactions and procurements that are possible when initiating public-private partnerships. He highlighted types and examples, explained the major differences, discussed private sector participation procurement and identified general principles and ways of reducing transaction costs.

## **7. Assessing the Potential for Attracting Public-Private Participation: Financial Implications of Potential Reform Measures in the Water and Wastewater Sector**

*Tony Bagwell, Project Manager and Senior Economist/Planner  
HDR Engineering, Inc., Austin, Texas*

Mr. Bagwell introduced an integrated planning and financing model (IPFM) that can be used to develop a plan of action for public-private partnerships. The model takes into account water balance and allocation, system revenues, and system costs to develop an income statement. All of these pieces can be used to help project financial performance. This is a useful tool for both the public and private sector to use when determining the feasibility of a privatization effort.

## **8. Desalination Technology and Research in the MENA Region**

*Koussai Quteishat, Director  
Middle East Desalination Research Center (MEDRC), Muscat, Oman*

Mr. Quteishat outlined the number of desalination units now operating in the world – the Middle East has over 40 percent of the world's capacity and explained the processes available for desalination. He also explained the purpose and programs of Middle East Desalination Research Center.

## **9. Private Sector Participation from a Developer's and Operator's Perspective**

*Joubrane Owayshek, Regional Director for the Middle East and North Africa  
Suez Lyonnaise des Eaux, Beirut, Lebanon*

*Frederic Claux, Senior Investment Officer  
Suez Lyonnaise des Eaux, Paris, France*

Mr. Owayshek highlighted Suez Lyonnaise des Eaux' experiences during the first year of running the water and sewerage services concession in Amman, Jordan. He also

presented the achievements for various other programs. Mr. Claux followed up on the last day of the workshop with a brief presentation on the bidding process, developing a risk profile, and estimation of returns, concluding with the statement that both parties have rights and responsibilities and that all contracts need balance and commitment from both sides.

## **10. Regional Water and the Middle East Peace Process**

*John Wilkinson, Chair  
DAA for the ANE Bureau*

Case Study: From Contention to Cooperation

*Chuck Lawson  
US State Department*

Global Alliance for Water Security in the 21<sup>st</sup> Century

*Alan Hurdus  
USAID Global Bureau Water Team Leader*

Mr. Lawson provided an overview of the purpose of the Middle East Multilateral Working Group on Water Resources, including supporting the bilateral peace talks of the Peace Process, exploring solutions to key regional problems, and building confidence among the parties. He explained the characteristics of the model used to support the Multilateral Working Group on Water Resources. Mr. Hurdus explained the history, major elements and associated programs of the Global Alliance.

## **11. The Mission Directors' Perspectives on Regional Water and Private Sector Participation**

*John Wilkinson, Chair  
Deputy Assistant Administrator for the ANE Bureau*

*Toni Christiansen-Wagner  
Mission Director, USAID/Jordan*

*Larry Garber  
Mission Director, USAID/West Bank and Gaza*

*Bill Pearson  
Mission Director, USAID/Egypt*

Mission Directors from three Middle East USAID Missions discussed the water issues facing their countries and shared their visions and plans for future USAID interventions in the countries where they are stationed.

## **12. US Government Resources Available to Missions to Support Private Sector Participation in the Water Sector**

*Sharon Murray, Global Environment Center, Coastal and Water Resources  
USAID/G/ENV/ENR, Washington, D.C.*

Dr. Murray focused only on the US Government resources, rather than all of the various multi-lateral, federal and local agencies and private sector players who are also involved in water issues. She highlighted why these programs exist, how they can help the missions, and how to access the programs.

## **13. Mission Experiences and Challenges in Implementing Private Sector Participation Programs**

India – Increased Environmental Protection in Energy, Industry and Cities (FIRE D Program)

*Richard Edwards  
USAID/India*

Jordan – Khirbet As-Samra BOT Wastewater Treatment Plant Project

*Alex Sundermann  
USAID/Jordan*

Morocco - Decentralization and Private Sector Participation in Water

*John Thomas, USAID/Morocco  
Mario Kerby, Chief-of-Party, Morocco Water Resources Sustainability Project*

Egypt – Suez Concession Case Study

*Tim Alexander  
USAID/Egypt*

Representatives from four USAID Missions explained private sector participation programs and highlighted lessons learned from their experiences.

## **14. Priorities and Innovations to Promote Reform, Efficiency and PSP: Leveraging USAID's Competitive Advantage**

*Matt Hensley, President  
Institute for Public-Private Partnerships, Washington, DC*

Mr. Hensley challenged the group to use USAID's competitive advantage to support private sector participation and identified the minimum criteria that need to be in place before a Mission begins a private sector participation program. One suggestion was for the establishment of a pre-feasibility study revolving fund that could be used by Missions for project identification, screening and resource structuring.

## **Workshop Follow-up**

As a result of the workshop, USAID mission staff identified a number of follow-up actions they plan to take to incorporate or expand decentralization and public-private partnerships into mission programs. Several examples of ideas included:

- A plan to talk more to the government implementing agency about the pros and cons of private sector participation and the importance of tariff restructuring, and to highlight the need for a study on the subsidy policy to make regulation work.
- Involvement of other mission programs such as democracy and civil society in the water program and coordination with the community service programs to help in the development of private sector participation.
- Discussion of the lessons learned from this workshop on decentralization and the pros and cons of private sector participation with counterparts. It will be important to emphasize the link between decentralization and private sector participation with the need for regulatory sector reform.
- Participation in more training on private sector participation financing and follow-up on the development of a project finance development fund.

The group unanimously agreed that it would be very useful to meet in the future to continue the discussion on water issues. Some suggested that others, including partners, lawyers, contracting officers, and individuals from other bureaus be invited to participate in follow-on workshops.

More follow-up ideas can be found in the responses to questions three and four of the workshop evaluation. See Annex 4 for the complete evaluation results.

## ANNEX 1

### WORKSHOP PARTICIPANTS

#### USAID/Bangladesh

Flynn Fuller  
Food Security and Disaster Management Team  
Leader  
Phone: 880-2-882-4700  
Fax: 880-2-882-3648  
Email: ffuller@usaid.gov

Azharul Mazumder  
Environment Team Leader  
Phone: 880-2-882-4700  
Fax: 880-2-882-3648  
Email: azmazumder@usaid.gov

#### USAID/Egypt

Bill Pearson  
Mission Director  
Phone: 20-2-516-5505  
Fax: 20-2-516-0755  
Email: bpearson@usaid.gov

Tim Alexander  
Project Development Officer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: talexander@usaid.gov

Mohamed El Alfy  
Project Officer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: malfy@usaid.gov

Craig Anderson  
Water Policy Team Leader  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: canderson@usaid.gov

Dulal Data  
Project Development Officer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: ddata@usaid.gov

Nancy Hardy  
Project Officer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: nahardy@usaid.gov

Jim Harmon  
Water/Wastewater Team  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: jharmon@usaid.gov

Wassim Daniel Michael  
Project Manager  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: wdaniel@usaid.gov

Noha El Maraghy  
Project Engineer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: nmaraghy@usaid.gov

Wadie Fahim Mankarious  
Water Resource Management Specialist  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: wafahim@usaid.gov

Adel Halim Neamatallah  
Project Officer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: ahalim@usaid.gov

Abo El Maati Omar  
Civil Engineer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: aomar@usaid.gov

Sahar Rahman  
Project Accountant  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: srahman@usaid.gov

Atef Youssef Abdel Sayed  
Civil Engineer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: asayed@usaid.gov

Wafaa Wadie Shehata  
Secretary  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: wwadie@usaid.gov

**USAID/Egypt**

Medhat Mounir Wissa  
Project Manager/Engineer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: mwissa@usaid.gov

Mones Edward Youannis  
Project Officer  
Phone: 20-2-516-5055  
Fax: 20-2-519-7192  
Email: myouannis@usaid.gov

**USAID/India**

Richard Edwards  
Office Director  
Phone: 91-11-419-8569  
Fax: 91-11-419-8612  
Email: riedwards@usaid.gov

**USAID/Jordan**

Toni Christiansen-Wagner  
Mission Director  
Phone: 962-6-592-0101  
Fax: 962-6-592-0143  
Email: tchristiansen-wag@usaid.gov

Cecily Mango  
Director, Office of Water and Environment  
Phone: 962-6-592-0101  
Fax: 962-6-592-0143  
Email: cmango@usaid.gov

Amal Hijazi  
Project Management Specialist  
Phone: 962-6-592-0101  
Fax: 962-6-592-0143  
Email: ahijazi@usaid.gov

Eric Peterson  
PSC Engineer  
Phone: 962-6-592-0101  
Fax: 962-6-592-0143  
Email: epterson@usaid.gov

Farid Salahi  
Project Management Specialist  
Phone: 962-6-592-0101  
Fax: 962-6-592-0143  
Email: fsalahi@usaid.gov

Alex Sundermann  
Senior Water Engineer  
Phone: 962-6-592-0101  
Fax: 962-6-592-0143  
Email: asundermann@usaid.gov

Setta Tutundjian  
Project Management Specialist  
Phone: 962-6-592-0101  
Fax: 962-6-592-0143  
Email: stutundjian@usaid.gov

**USAID/Morocco**

John Thomas  
Environment and Natural Resources Officer  
Phone: 212-7-63-20-01  
Fax: 212-7-63-20-12  
Email: jthomas@usaid.gov

Mario Kerby  
Chief-of-Party, Morocco WRS  
Phone: 212-7-63-20-01  
Fax: 212-7-77-37-92  
Email: proprem@iam.net.ma

**USAID/South Africa**

Nompilo Mali  
Economist/Project Officer  
Phone: 27-12-323-8869  
Fax: 27-12-323-6443  
Email: nmali@usaid.gov

**USAID/West Bank and Gaza**

Larry Garber  
Mission Director  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: lgarber@usaid.gov

Alvin Newman  
Office Director  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: anewman@usaid.gov

Chuck Esterly  
Project Officer  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: cesterly@usaid.gov

Daniel Goode  
US Geological Survey  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: dgoode@usgs.gov

Anan Masri  
Deputy Environmental Officer and WRO  
Engineer  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: amasri@usaid.gov



**USAID/West Bank and Gaza**

David Muirhead  
Project Officer  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: dmuirhead@usaid.gov

Mariam Qudairi  
WRO Engineer  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: mqudairi@usaid.gov

Thomas Rhodes  
Mission Environment Officer  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: trhodes@usaid.gov

Charlie Scheibal  
Chief Engineer  
Phone: 972-3-511-4866  
Fax: 972-3-511-4888  
Email: cscheibal@usaid.gov

**USAID/Washington**

John Wilkinson  
Deputy Assistant Administrator, ANE Bureau  
Washington, D.C. 20523-4901  
Phone: 202-712-0306  
Fax: 202-216-3386  
Email: jwilkinson@usaid.gov

John Wilson  
ANE Senior Environmental Officer  
USAID/ANE/SEA/SPA  
Rm 4.09-081  
Washington, DC 20523-4901  
Phone: 202-712-4633  
Fax: 202-216-3171  
Email: jwilson@usaid.gov

Alan Hurdus  
Sustainable Agriculture Team Leader  
G/ENV/ENR 1300 Pennsylvania Ave., NW  
Washington, DC 20523  
Phone: 202-712-4633  
Fax: 202-216-3174  
Email: ahurdus@usaid.gov

Sharon Murray  
Coastal and Water Resources  
USAID/G/ENV/ENR, Rm. 3.07.30A  
1300 Pennsylvania Ave., N.W.  
Washington, DC 20523  
Phone: 202-712-0515  
Fax: 202-216-3174  
Email: smurray@usaid.gov

Richard Volk  
Coastal & Aquatic Programs, USAID/G/ENV  
Ronald Reagan Building, Room 3.8  
1300 Pennsylvania Ave., N.W.  
Washington, DC USA 20523-3800  
Phone: 202-712-5373  
Fax: 202-216-3174  
Email: rvolk@usaid.gov

**State Department**

George Sibley  
Regional Environmental Officer  
Phone: Regional Environmental Officer  
Phone: 962-6-592-0101  
Fax: 962-6-592-7653  
Email: gs-hub@usembassy-amman.org.jo

Chuck Lawson  
Senior Advisor for Science and Technology  
U.S. State Department  
Phone: 202-647-3691  
Fax: N/A  
Email: lawsonca@state.gov

**Workshop Presenters**

Tony Bagwell  
Senior Economist  
HDR Engineering, Inc.  
Phone: 512-912-5163  
Fax: 512-442-5069  
Email: tbagwell@hdrinc.com

Frederic Claux  
Senior Investment Officer  
Suez Lyonnaise des Eaux  
Phone: 33-1-40-06-67-53  
Fax: 33-1-40-06-67-66  
Email: frederic\_claux@mail.suez-lyonnaise-eaux.fr

Pat Gallagher  
Vice President  
Camp, Dresser and McKee  
Phone: 617-452-6068  
Fax: 617-452-8068  
Email: gallagherpe@cdm.com

Matt Hensley  
President  
Institute for Public-Private Partnerships  
Phone: 202-466-8930  
Fax: 202-466-8934  
Email: mhensley@ip3.org

## Workshop Presenters

Howard Kane  
Senior Economist  
Abt, Associates  
Phone: 962-6-565-0012  
Fax: 962-6-565-00014  
Email: abtwater@go.com.jo

Per Ljung  
President and CEO  
PM Global Infrastructure  
Phone: 202-463-6188  
Fax: 202-223-0177  
Email: perljung@pmglobalinfra.com

Joubrane Owayshek  
Regional Director, MENA  
Suez Lyonnaise des Eaux  
Phone: 961-1-325-108  
Fax: 961-1-325-247  
Email: lyonnaise@tera.net.lb

Jerry Delli Priscoli  
Editor-in-Chief  
Army Corps of Engineers/Water Policy Magazine  
Phone: 703-428-6372  
Fax: 703-428-8435  
Email: priscoli@erols.com

Koussai Quteishat  
Center Director  
Middle East Desalination Research Center  
Phone: 968-69-5351

Ossama Salem  
Advisor, Urbanization Program  
Center for Environment & Development for the  
Arab Region and Europe  
Phone: 20-2-451-3921  
Fax: 202-457-3918  
Email: osalem@cedare.org.eg

Doug Tinsler  
Senior Vice President  
Chemonics International, Inc.  
Phone: 202-955-7451  
Fax: 202-955-7550  
Email: dtinsler@chemonics.com

John Williams  
Senior Vice President  
HDR Engineering, Inc.  
Phone: 914-993-2008  
Fax: 914-993-2022  
Email: jwilliam@hdrinc.com

## Workshop Organizers

Kathy Alison (Facilitator)  
Training Resources Group, Inc.  
909 N. Washington Street, Suite 305  
Alexandria, VA 22314  
Phone: 703-548-3535  
Fax: 703-836-2415  
Email: kalison@trg-inc.com

Peter Reiss  
FORWARD Project Director  
Development Alternatives, Inc.  
7250 Woodmont Avenue, Suite 200  
Bethesda, MD 20814  
Phone: 301-718-8259  
Fax: 301-718-7968  
Email: peter\_reiss@dai.com

Evan Freund  
FORWARD Workshop Coordinator (DAI)  
Phone: 301-280-2596  
Fax: 301-718-7968  
Email: evan\_freund@dai.com

Irene Sourial  
Workshop Coordinator  
Environmental Quality International  
Phone: 20-12-316-6817  
Fax: 20-2-340-5489

**ANNEX 2**  
**USAID MEA WATER WORKSHOP AGENDA**  
**DECENTRALIZATION AND PUBLIC-PRIVATE PARTNERSHIPS**  
**FOR IMPROVED WATER MANAGEMENT**

**OBJECTIVES**

- Explore the inter-relationship among integrated water resources management, decentralization, and public-private partnerships.
- Discuss the pros and cons of public-private partnering options and their relevance to the development of the water sector in USAID/ANE countries
- Identify steps USAID Missions and USAID/W can take to incorporate or expand decentralization and public-private partnerships into their programs.

**WORKSHOP AGENDA**

*Day 1*

*Wednesday, 27 September*

- 8:00           **Coffee and Registration**
- 8:30           **Official Opening**  
                  John Wilson and Alan Hurdus, USAID/W
- 8:45           **Workshop Overview**  
                  Kathy Alison, workshop facilitator
- 9:30           **Keynote Address: Challenges and Opportunities of IWRM, Decentralization, and Private Sector Participation**  
                  Chair: Jim Harmon, USAID/Egypt  
                  Keynote Presenter:     Jerry Delli Priscoli  
  Institute for Water Resources  
  US Army Corps of Engineers
- An exploration of the major elements of IWRM, decentralization and PSP, how they are carried out, and highlight the challenges and opportunities. The keynote presentation will provide the broad-brush background for the workshop sessions that follow.
- Discussion*
- 10:30          **Morning break**
- 11:00          **What's Driving Decentralization – the Pros and Cons**  
                  Chair: John Thomas, USAID/Morocco  
                  Presenter: Doug Tinsler, Chemonics

A provocative overview of what is driving decentralization in the region and a critical examination of the pros and cons of decentralization, highlighting such

things as the impact of decentralization on stakeholder participation, transfer of resources, taxation, service delivery, regulatory authority. What are the lessons learned, pitfalls, what to keep in mind when initiating and carrying out these programs?

*Discussion*

12:00 **Lunch and Optional Roundtable Discussion**

1:30 **What's Driving Private Sector Participation – Pros and Cons**

Chair: Alvin Newman, USAID/West Bank & Gaza

Presenter: Per Ljung, PM Global Infrastructure

*A stimulating discussion on the driving forces behind private sector participation, the results of some initial PSP efforts, lessons learned and implications for existing and future PSP programs.*

*Discussion*

2:30 **PSP Fundamentals – Overview of Concurrent Sessions**

The PSP Fundamentals sessions were designed to provide a primer on 4 basic components of public – private partnerships – Structural and Regulatory Reform, Competitive Utility Management, Transactions and Procurement, and Financing.

2:40 **PSP Fundamentals** (2 concurrent sessions)

- Structural/Regulatory Reform – new sectoral institutional arrangements, including decentralization

Chair/Rapporteur: Richard Volk, Global Bureau

Presenter: Matt Hensley, Institute for Public-Private Partnerships

- Competitive Utility Management – corporatization and commercialization

Chair/Rapporteur: John Wilson, ANE

Presenter: John Williams, HDR Engineering

3:40 **Afternoon break**

**4:00** *PSP Fundamentals (2 concurrent sessions)*

- Transactions/Procurement – service agreements, BOOs, BOTs, concessions, public/private sector investments, deal structuring, reducing transaction costs.

Chair/Rapporteur: Alan Hurdus, Global Bureau

Presenter: Pat Gallagher, CDM

- Financing – risk allocation, tariff restructuring, financial models, leveraging project financing.

Chair/Rapporteur: Sharon Murray, Global Bureau

Presenter: Tony Bagwell, HDR Engineering

5:00 **Plenary Session** – quick review of issues raised during PSP session discussions / overview of Day 2

5:15 **Adjourn for the day**

**6:00**                    *Reception*

**8:00**     *Dinner Presentation on Desalination*

Introduced by John Wilson

Presenter: Koussai Quteishat, Director, Middle East Desalination  
Research Center, Muscat, Oman

A discussion of desalination alternatives and obstacles, explanation of  
technologies available (reverse osmosis and thermal) and discussion of the  
economics of desalination (when it becomes viable).

*Day 2*

*Thursday, 28 September*

**8:30**                    **Plenary Session: Overview of the Day**

Kathy Alison

**8:45**                    **Repeat of PSP Fundamentals Sessions**

**PSP Fundamentals** (2 concurrent sessions)

- Structural/Regulatory Reform – new sectoral institutional arrangements,  
including decentralization  
Chair/Rapporteur: Richard Volk, Global Bureau  
Presenter: Matt Hensley, Institute for Public-Private Partnerships (IP3)
- Competitive Utility Management – corporatization and commercialization  
Chair/Rapporteur: John Wilson, ANE  
Presenter: John Williams, HDR Engineering, Inc

**9:45**                    Morning break

**10:00**     *PSP Fundamentals (2 concurrent sessions)*

- Transactions/Procurement – service agreements, BOOs, BOTs, concessions,  
public/private sector investments, deal structuring, reducing transaction costs.  
Chair/Rapporteur: Alan Hurdus, Global Bureau  
Presenter: Pat Gallagher, CDM
- Financing – risk allocation, tariff restructuring, financial models, leveraging  
project financing.  
Chair/Rapporteur: Sharon Murray, Global Bureau  
Presenter: Tony Bagwell, HDR Engineering

**11:15**                    Plenary Session: **PSP from Developer's/Operator's Perspective**

Chair: Farid Salahi, USAID/Jordan

Presenters: Joubrane Owayshek and Frederic Claux, Suez Lyonnaise  
des Eaux

Suez Lyonnaise des Eaux' regional director for the Middle East and North Africa  
and the senior investment officer from the world's leading developers/operators  
will discuss their expectations and requirements and their strategies for dealing  
with critical issues – enabling environment/regulatory framework, rate of return,

government hurdles, acceptable risk, competitive bidding, and lessons learned from their first year's operation in Amman.

*Discussion*

12:15      **Lunch and Optional Roundtable Discussions**

1:30      **Brainstorming Session:** Identification of **major issues and questions raised in PSP Fundamentals sessions**

2:30      **Regional Water and the Middle East Peace Process**

Chair:            John Wilkinson, DAA/ANE

Presenter:      Chuck Lawson, State NEA  
Alan Hurdus on the Global Water Alliance

- What opportunities for regional (versus bilateral) investments in the water sector are likely to arise with a comprehensive peace settlement?
- Are there any gaps in services that we need to address with FY 2001 investments?

*Questions and Answers*

3:30      **Afternoon Break**

3:45      **Mission Director's Perspectives on Regional Water and Private Sector Participation**

Chair:            John Wilkinson, DAA/ANE

Panelists:      Toni Christiansen-Wagner, USAID/Jordan  
Larry Garber, USAID/WB&G  
Bill Pearson, USAID/Egypt

- What is the future of the water sector in your programs?
- What would be the impact of a broad regional peace on your programs?
- What is their perspective on supporting PSP water programs?

*Questions and Answers*

5:00      **Adjourn. Evening free**

**Day 3**

*Friday, 29 September*

8:15      **Plenary Session: Overview of the Day**  
Kathy Alison

8:20      **Resources Available to Missions**  
Sharon Murray, USAID/W

An inventory of federal programs and other resources available to missions to promote their PSP efforts in the water sector.

8:45      **Mission Experiences and Challenges in Implementing PSP Programs**

Chair: Dick Edwards, USAID/India

Presenters:

Jordan - PSP Program- Alex Sunderman, USAID and Howard Kane, Abt Associates

Morocco – John Thomas and Mario Kerby  
Egypt – Suez Case – Tim Alexander

*Missions discuss their PSP efforts on regulatory reform, competitive utility management, transactions, and /or financing, exploring what did and did not work and how they might have been handled differently.*

**Discussion**

10:30 *Morning Break*

10:45 **USAID's Role in Future PSP Innovations**

Chair: Flynn Fuller, USAID/Dhaka

Presenter: Matt Hensley, IP3

A presentation of the latest innovative practices in PSP and how USAID can leverage resources and results to enhance PSP efforts – developing reform programs, using web based approaches for procurement (e-auctions), credit enhancement, mobilizing domestic funds.

**Discussion**

12:30 **Next Steps**

John Wilson and Alan Hurdus

**Workshop evaluation**

**Final Comments/Site Visit information**

**Adjourn**

1:00 **Lunch**

Afternoon **Networking and Free Time**

7:00 **Farewell dinner**

Departure for Cairo (for those participating in Old Cairo site visit)

**Site Visits**

*Saturday, 30 September*

All day Site visit choices selected and guided by USAID/Cairo:

Visit to St. Catherine's on Mt. Sinai and South Sinai Water Company (overview provided by Ossama Salem)

or

Visit to USAID water portfolio project sites in Old Cairo.

*Departure*

*Sunday, 1 October*

## **ANNEX 3**

### **PROFILES OF MEA WATER WORKSHOP PRESENTERS**

#### **Keynote Address – An Overview of the Challenges and Opportunities of IWRM, Decentralization, and Private Sector Participation**

*Jerome Delli Priscoli, Ph.D.*  
*Senior Advisor, Institute for Water Resources; U.S. Army Corps of Engineers;*  
*Editor in Chief of Water Policy*

Engineers, academics, administrators and environmentalists share significant interests far beyond their familiar adversarial positions. For 25 years, Jerry Delli Priscoli has been at the forefront of translating these shared interests into national and international public policy. He is a principle advocate of the U.S. Corps of Engineers transformation toward open administration and advocacy of environmental ethics. He is a skilled mediator and facilitator who practices throughout the world. He is recognized as a world leader in conflict management, water resources and security. His lectures and training courses are highly acclaimed and are used in most US Federal Resource agencies and many International Organizations. He is also Editor in Chief of Water Policy.

#### **What's Driving Decentralization - Pros and Cons**

*Douglas Tinsler, Senior Vice President*  
*Chemonics International, Washington, D.C.*

Doug Tinsler is a senior manager and public sector management specialist with 30 years of experience conceptualizing, implementing, and managing development programs in the Philippines, Indonesia, Egypt, Costa Rica, Nicaragua, and El Salvador. He works in municipal and local government development and decentralization, public sector reform, administration of justice, financial sector development, and agriculture and rural development. He has extensive experience with USAID, the World Bank, and regional development banks in all aspects of development program formulation and implementation.

#### **What's Driving Private Sector Participation - the Pros and Cons**

*Per Ljung, Chairman and CEO*  
*PM Global Infrastructure, Inc., Washington, D.C.*

Per Ljung has spent most of his professional life dealing with infrastructure projects with a major focus on urban development, water supply and sanitation, and power. He is currently Chairman and CEO of PM Global Infrastructure Inc. Prior to joining PM Global, Mr. Ljung worked at the World Bank where he was in the forefront of efforts to restructure public sector agencies, reform infrastructure policies and bring in the private sector through privatization and development of green-field projects built on a limited recourse basis. He was the manager responsible for the World Bank's first two partial risk guarantees (the Hub and Uch power projects in Pakistan) and for the establishment of several funds for financing private infrastructure projects. He has written numerous reports and published articles on various development topics. He has



spoken on power and water sector reforms, limited recourse financing of infrastructure projects and privatization in Bangladesh, Italy, Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Sweden, Tunisia, United Kingdom and the US. He was trained in civil engineering, business administration and economics.

## **Structural and Regulatory Reform**

*Matt L Hensley, President and Director  
Institute for Public-Private Partnerships, Washington, D.C.*

Matt Hensley is President and Director of the Institute for Public-Private Partnerships (IP3). An economist and privatization specialist, Matt has advised over 60 countries on economic reform with specialized experience in legal and regulatory reforms to foster private investment, project structuring and finance, infrastructure investment negotiation and transaction support. He is currently advising the Government of Egypt in developing the country's first coherent regulatory framework to introduce private investment in the water sector as Chief of Party (COP) for the Legal, Institutional, and-Regulatory Reform (LIRR) Project. For the Department of Constitutional Development and the Department of Finance in South Africa, he prepared enabling legislation establishing the first ever Private Sector Participation Unit (PSPU), drafted the Law on Concessions and other relevant regulations to reform the water and wastewater sector. For the Government of Jamaica, he recently prepared national legislation and guidelines on infrastructure privatization in the water, wastewater, solid waste, energy, transportation, and telecommunications sectors. He has published several articles on privatization, capital markets, and economic reform and is a frequent guest on radio and television programs focusing on economic development and finance in emerging markets. He has a B.A. in economics from the University of Colorado, Boulder, a diploma in Political Science from Universidade Catolica, in Salvador, Brazil, and an M.S. in International Economics at The Elliot School of International Affairs at George Washington University in Washington, D.C. He speaks Spanish, Portuguese, and introductory Bahasa Indonesian.

## **Competitive Utility Management - Corporatization and Commercialization**

*John Williams, Senior Vice President and National Director of Management Consulting  
HDR Engineering, Inc., White Plains, NY*

John Williams has spent 21 years in professional service as an advocate for the public interest. For the past 13 years he has worked with communities seeking to enter into larger scale infrastructure development and or service agreements with private companies in more than a dozen states. His objective has been to secure the best possible contractual arrangement through which the interests of both the public and private participants are evenly balanced. He has been responsible for HDR's specialty teams that have successfully completed nearly \$25 billion in public private ventures. In 1996, he was appointed Chief Operating Officer for a joint venture between U.S. and French companies focused on entry into the U.S. contract operations and maintenance market. As part of that assignment, he received extensive training in the strategies, techniques and business philosophies applied in the "privatization" business. Over the past four years, he has directed the professionals in HDR's Management Consulting group as they advised communities on more than 100 assignments aimed at improving performance efficiencies, saving money, and reducing cost of service to ratepayers. He coined the terms Bid-to-Goal, Design-to-Goal and Competitive Outcome Management.

He is known as a pioneer in guiding public employees through processes where they adopt the best techniques of both the public and private sectors.

**Transactions/Procurement: Service Agreements, B00s, BOTs, Concessions, Public/Private Sector Investments, Deal Structuring, Reducing Transaction Costs**

*Patrick E. Gallagher, J. D. Vice President/Project Development  
Camp Dresser McKee, Inc. Cambridge, MA.*

An attorney and an environmental engineer, Patrick Gallagher has 25 years of experience in the legal, institutional and financial aspects of wastewater, water, solid waste, and hazardous waste projects. He serves as in-house counsel on project finance, environmental facilities development, and privatization projects, and as a consultant to international and domestic clients on private sector participation in public infrastructure and utility projects and services.

**Assessing the Potential for Attracting Public-Private Participation: Financial Implications of Potential Reform Measures in the Water and Wastewater Sector**

*Tony Bagwell, Project Manager and Senior Economist/Planner  
HDR Engineering, Inc., Austin, Texas*

Tony Bagwell is a senior project manager with HDR Engineering, bringing to the position over 20 years experience in a wide variety of water resources planning and utility finance studies at the local, regional, state, national, and international levels. Previously, he served as the Director of Water Resources Planning for the Texas Water Development Board and as manager and primary author for the development of the innovative 1990, 1992, and 1997 Texas Water Plans. He has also played key roles in the development of the Texas state water legislation. Prior to working for the State, he accumulated over 10 years experience in private consulting practice with specialties in utility planning and finance, rate and fee studies, institutional evaluations, economic assessments, impact studies, and compliance with regulatory processes. He has considerable training and accumulated practical work experience in the management and conduct of planning, economic, and financial studies, utilizing an extensive background in planning, demographics, econometrics, - financial, statistical, and optimization analyses. He is also skilled in the use of many PC software programs. Specific areas of technical expertise include water resources and utility planning, utility rate and fee studies; institutional and organizational evaluations; socioeconomic and financial impact analyses; floodplain management studies; land use assessments; and transportation modeling.

**Desalination**

*Koussai Quteishat, Director  
Middle East Desalination Research Center (MEDRC) Muscat, Oman*

Koussai Quteishat is currently the Director of the Middle East Desalination Research Center. MEDRC is an international non-profit institute, established in 1996 in the Sultanate of Oman, as a product of the Middle East Peace Process. The mission of the Center is to contribute to lowering the cost of desalination in the MENA Region through research, networking, and capacity building. Prior to joining the Center, he was

Chairman/CEO of the newly established Electricity Distribution Co. in Jordan, where he led the effort to privatize the company. Earlier, he was Secretary General of the Water Authority of Jordan and Secretary General of the Ministry of Water and Irrigation, in charge of policy formulation, monitoring, and governance of the Water Sector. In conjunction with these responsibilities, he led the Jordanian delegation in the Water Working Group of the Multilateral Peace Process from 1994 to 1999, and the Jordanian delegation to the bilateral Jordanian Israeli Water Committee responsible for the implementation of water-related items of the Peace Agreement. He also headed the Jordanian delegation since the inception of the Jordan Rift Valley Development Plan. He has a BA in Engineering Sciences from Dartmouth College and a BS and MS in Civil Engineering from the University of Massachusetts.

### **PSP from Developer's and Operator's Perspective**

*Joubrane Owayshek, Regional Director for the Middle East and North Africa  
Suez Lyonnaise des Eaux, Beirut, Lebanon*

Joubrane Owayshek is an Industrial Engineer who has 24 years of experience in infrastructure construction project management and infrastructure development with Lyonnaise des Eaux. As regional director of MENA, he is responsible for Tunisia, Libya, Egypt, Gaza, Jordan, Lebanon, and Syria

### **Site Visit to South Sinai Water Company**

*Ossama S. Salem  
Cairo, Egypt*

Ossama Salem has a Ph.D. in Urban Environmental Management from the University of London. His thesis was on Private Sector Participation in Utilities: the Case of Water Supply in Sharm El-Sheikh City, South Sinai, Egypt. Ossama and Mamdouh Raslan (USAID/Cairo) will provide a briefing on the site visit to the South Sinai Water Company during the workshop.

## **ANNEX 4**

### **MEA WORKSHOP EVALUATION RESULTS**

Workshop participants were asked to evaluate the workshop objectives on a scale of 1 – 5, with 5 being objectives were very well achieved. Following, based on 28 evaluations submitted, are the results.

#### **Section I: Workshop Objectives**

##### **1. Explore the inter-relationships among integrated water resources management decentralization, and public-private partnerships. (Rating: 3.8)**

Comments:

- A very good presentation and it set the tone for the workshop
- This was a key aspect of the workshop for me
- Balanced discussion
- The agenda was a little too broad from a 2.5 day workshop
- Did very well on decentralization and public-private partnerships, but did not do so well on integrated water resources management with regards to the integrated part
- Water resources management was not taken seriously in many countries. Cultural, political and other issues play a role in that.
- A bit too much philosophical and not enough applied tools
- Topics of the workshop were covered
- Integrated water resources management was not covered in the concept of inter-relationship with decentralization and PPP. The focus was most of the time on PSP mainly in the water/wastewater sector
- Example of successful IWRM?

##### **2. Discuss the pros and cons of public-private partnering options and their relevance to the development of the water sector in USAID/ANE countries. (Rating: 4.4)**

Comments:

- The 'cons' were a bit light. The presentation by Ossama was very good to provide balance.
- There did seem to be an absence of discussion regarding government reluctance to streamline government in favor of private sector efficiency.
- Excellent.
- Case studies from Missions - Jordan and Egypt were useful
- Generally good, but conference had predisposition that PSP is the answer.
- Focus was on private sector with little relationship to the public sector, which sounds like a good tool to improve services, except one presenter who highlighted this (John Williams).
- More pros than cons
- Well done

- Pros and cons not explicitly addressed

**3. Identify steps USAID missions and USAID/W can take to incorporate or expand decentralization and public – private partnerships into their programs.  
(Rating: 3.5)**

Comments:

- It was good to get comments from other missions
- Options? Yes
- We really didn't reach conclusions on steps per se, but we did discuss/explore/learn about issues and PSP principles for consideration, etc which is really more useful anyway, the steps would vary mission to mission.
- No specific output to identify the next steps to expand decentralization and PPP in water/waste water resources sectors
- This point was not covered, each mission has its own strategy which lay down steps to expand decentralization and PSP
- No clear steps were agreed upon. However, different missions can make use of experiences gained in others, such as WB/G could benefit from Cairo mission
- To start the right mix between district and institutional reform which must not be delayed more than now.
- Need to have more discussion on this issue since every mission has its political and institutional status. We would need more of the lessons learned from other missions, in particular, the Morocco case.
- For PSP, continued interaction and workshops among the newer Missions
- Not enough country focus.
- Sharon's talk was good, but there was little 'how to.'

**Section 2: General Comments**

**1. Which sessions of the workshop did you find most useful and why?**

- a) Structural reforms, USAID's role in future PSP innovation – both sections were well structured, informative, interesting and engaging
  - b) Finance – topics on finance were good
- The case studies were the most revealing. They demonstrated the variety of transactions that are possible
  - PSP Options, Regulatory framework, and Innovations
  - I liked them all , the Q&A sessions were essential
  - 1<sup>st</sup> day- good speakers and excellent overview of pros and cons and options and best practices. Good stuff
  - Most of the presentations were informative and useful, truthfully. However, some were particularly insightful – i.e. Jerry Delli Priscoli, the two concurrent presentations on PSP Fundamentals. These were excellent!

- Decentralization (as it has to be the first step before privatization). Exploration of the major elements of IWRM (the very first one – very good start). Best practices in PSP (PSP Fundamentals, all sessions). PSP from Suez Lyonnaise des Eaux (practical experience).
- Basically all sessions were good and useful. None stood out as exceptional.
- Lyonnaise des Eaux. Practical experience: what works, what doesn't
- My experience is far away from what this workshop was all about. I have, therefore, extremely benefited from the keynote address. Also on regional water and the Middle East peace process, although brief, was of immense benefit.
- Mission Director's perspectives. Insight into the future directives. USAID's thinking.
  - a) Enjoyed hearing mission experiences with PSP, and Matt's (Hensley) presentation on more innovation. The workshop could have even started with mission experiences.
  - b) Appreciated the session on ME and water and the Mission Directors' outlook.
- Identifying steps USAID can take, because it highlights future actions.
- Mission experiences. PSP fundamentals. PSP from developers' perspective.
- PSP fundamentals. Regional water and the Middle East Peace Process.
  - a) What's driving PSP – pros and cons by Per Ljung was very informative.
  - b) Session from Suez Lyonnaise des Eaux were very useful – more time should have been allocated for that presentation.
  - c) USAID's role in future PSP innovations by Matt Hensley.
- What's Driving Decentralization and Transactions/Procurement by Pat [Gallagher]
- Most if not all the sessions were interesting. However, I find competitive utility management of interest to me. Maybe because it is close to my project.
- Mission Director's session and mission presentations were most relevant to my interests. Middle East Peace Process was an interesting session.
- All the sessions were very good, useful and I appreciate all the efforts that have been invested in the excellent presentations.
  - a) Mission Directors – good overview of policy and major issues in each country's water sector
  - b) Mission experiences – relevant projects and lessons learned (as opposed to broad discussion in some other sessions)
- All were quite good!

- a) Decentralization and PSP
- b) What is driving Decentralization – Pros and Cons
- c) What is driving PSP – Pros and Cons
- d) PSP from Developers'/Operators' perspective

- a) Keynote address by Jerry Delli Priscoli
- b) Pat Gallagher, CDM
- c) Matt Hensley
- d) Per Ljung

\*Matt Hensley's Resources Available in Future PSP should have been put forward in the schedule. He is excellent.

- a) Matt Hensley
- b) John Williams
- c) Pat Gallagher
- d) Chuck Lawson
- e) Alan Hurdus

- a) Pat Gallagher – most in AID know nothing about mechanisms
- b) John Williams – new approach, highly applicable

- a) Jourbrane Owayshek (substantive and level of significance)
- b) Jerry Delli Priscoli (very interesting and objective)
- c) Gallagher (close to perfection)
- d) Sunderman (professional and concise)
- e) Hensley (professional and penetrating)

- Mission experiences.

## **2. Which sessions, if any, could have been done better?**

- Competitive utility management could have included examples from emerging markets
- Some sessions went into excessive detail and thus ran over time
- Competitive utility management
  - a) Tony Bagwell's presentation
  - b) Koussai – hmmm! Useless
  - c) Lyonnaise – 1<sup>st</sup> portion boring
  - d) Director discussion not organized
- The presentation by Per Ljung was informative, but too much detail, rambling, unfocused. The desalination presentation suffered from too much detail and not enough on the big picture.
- All sessions where the presenter was speaking very fast could have been done better if he spoke a bit slower (like the first one on IIWRM). There were some sessions that weren't fast.

- More time could have been allocated to the presentation of the mission programs. Perhaps, a country overview (describing what the government is doing in the PSP area) could have complemented the presentations of AID programs.
- Longer time for fundamentals sessions. Short shrift given to the reality vs. theory if legal and institutional reform to support PSP
- PSP from developers' perspective was an unfocused presentation.
- Program was too focused on wastewater management and not enough on overall water management (ground and surface water, environmental issues, irrigation, etc.)
- Sessions related to objective #1.
- More serious details on Mission experiences.
- Regional water and the Middle East Peace Process was very vague.
- Financial analysis would require more time and some in-depth analysis.
- Lunch sessions on day1 should have been handled like day 2 with sandwiches and rooms set aside. PSP fundamentals were too technical for my intent and needs – more relevant in ESF countries building projects.
- Session #1. But I would like to ask for a summary of all questions and answers that were raised after each presentation.
- The use of acronyms in the presentation should be explained. I hope this will be explained when sent electronically to us.
- Some sessions were not directly related to their titles and took longer than they should.
- Private Developers' perception – more specific case studies.
- a) Matt Hensley – too technical for my level of understanding
- b) Fundamentals – many assumptions not supported with a rationale, so I'm not clear on the relevance to development goals as distinct from financial/technical goals.
- c) Mission show and tell, except Tim Alexander and Alex Sunderman
- Per Ljung could have been less general and more precise

**3. Do you plan to take any specific action based on the results of the workshop? If so, what are they?**

- A follow up on resources available, more training, on PSP financing and follow-up on development of a project finance development fund.



- Will follow these issues as they develop and look for opportunities to apply them.
- Yes.
- We may try to set up a more systematic program to support PSP transactions.
- Look at RFP docs to make assure best practice ideas are put into practice.
- Yes. I am going to actually visit Jerry Delli Priscoli at the Corps to review some innovative software they are using to generate public participation. This will be next month in conjunction with another planned trip to the U.S. Also, a counterpart in Jordan and I going to exchange information related to two programs that we have in common. None of us knew each other before.
- Talk more to the GOE (the implementing agency I'm dealing with in my project) about the pros and cons of PSP; the importance of tariff restructuring and highlight the need for a study of the subsidy policy in Egypt to make regulation work. Send the message: Privatization is Partnership!
- Download info from web site and become more educated.
- Try to integrate the integrated approach into our strategy.
- Yes – ways to put financial packages together to disseminate USAID activities
- As we consider overall water management, PSP will be a major consideration
- I now know and understand the subject of PSP much better than before. I will be able to help my office management dealing with PSP issues including assisting host country better understanding.
- Yes. Check old capitol project materials – re-read conference materials, present ideas of PSP on one project.
- Of course, yes. There are many lessons learned. One of the valuable results of the workshop is the importance of establishing decentralization and regulatory basis before moving ahead to PSP. This will establish the foundation for sustainability of the system.
- Missions already have their own strategy and steps and specific actions. However, the interactions between different missions, contractors and developers (Lyonnaise des Eaux) was extremely useful.
- Seek to incorporate governance into our energy and water sector activities more directly.
- Yes...
  - (a) to involve other programs in the mission in the water program, like the democracy and civil society

(b) also, we will coordinate with our community service programs to help in the development of the PSP.

- Networking...access to sites and cited resource materials.
- Discuss the lessons learned from this workshop with our counterparts regarding decentralization and pros-cons/PSP – and it has to be associated with regulatory sector reform to be successful.
- Yes. Read more details on some of the presentations such as resources available, policies, Egyptian PSP efforts, transactions, etc.
- Nothing immediately.
- Re-assess the presentation:
  - (a) External communication (with various USAID missions in the MEA region)
  - (c) Internal communication (to spread the transparency approach of USAID)

**4. Would it be useful for this group to meet again in the future? What would be the focus of another workshop? Who, if anyone, should be invited to participate?**

- For broader participation, participants in other bureaus should be invited.
- Yes, we should meet in Phuket or the Maldives.
- Yes, absolutely. Yes. I'd like to invite partners at some point.
- Yes! Experience sharing and expert advice very useful. Provides a reality check on what we are all doing – sometimes quite differently.
- Yes. But by the time that happens, many of us will have moved on to other missions, programs, projects, etc. Some things are difficult to repeat. This doesn't mean a similar workshop shouldn't convene in the future.
- For sure. More on: Decentralization and Private Sector Participation in the water/WASTEWATER sector – with emphasis on wastewater. This should be an ongoing activity until things take place (come to light). I need to know more about wastewater: will it be more attractive to private sector to merge both water and wastewater (specifically that water is making a profit while wastewater is not).
- Yes. Focus could be on in-depth discussions of case studies from different countries in the region. Include a few participants from other regions that have done 'cutting-edge' or 'pioneering' work.
- Yes, perhaps broader water planning and policy issues.

- Yes. The focus should be on IWRM at larger scale. Bringing all the sectors – such as water from NRM and environment – together. Missions environment folks and water folks together.
- It is early to decide doing this in the near future. Maybe in 18 months from now.
- a) Updates and problems
- b) Can a regional pool of money where countries compete for funds be successful?
- a) Yes – we need to meet again.
- b) I propose two topics for the workshop:
  - impact of climate change on water resources and required planning for future actions
  - meet demand under competition of all water sectors.
- Yes. Discussion in more detail – PSP starting from prefeasibility transaction support evaluation, and contract closures. Inviting more developers – U.S. and International big firms – U.K. and French.
- No doubt. Focus more on conversation and exchanging experiences between agencies.
- Yes – might separate groups into DA funded programs and ESF funded programs. The DA countries have less to gain from descriptions of AID-funded infrastructure as occurs in missions with large ESF funds. ESF countries can learn from TA/TVS experiences from DA countries. Focus Areas: governance and how it affects PSP in water sector.
- Yes it would be very useful. The focus will be more on all water aspects, meaning institutionally since water is easy from technical point of view, but is very difficult institutionally and also we should elaborate more on decentralization. It will be useful to invite our counterparts since they will be a major factor and basis for our topics.
- A 4-hour (or more) session devoted to one or two case studies in detail (however – important to select ones that are relevant).
- Yes! Similar focus!
- Yes. More examples of PSP in the world – reasons for success/failure. Other sources of water, e.g. desalination and selling cost/m<sup>3</sup> for different capacity plants.
- a) Yes. Discuss IWRM in more detail.
- b) More detailed examples of PSP, procedures, issues to be taken into consideration and the various PSP options and their pros and cons
- c) Lawyers, contracting officers should be invited and more private sector representatives.
- d) More in-depth discussion and presentations on desalination options (local and regional)

- Wastewater reuse options and PSP in that area for the region here. Basin water management.
- a) Yes.
- b) Ag-sector water issues.
  - Tariffs
  - Funding capital up-grades needed for efficient farming
- c) Technical options in WWTP to meet different objectives
- d) Invite other donors/MDBs.
- Delegation management in low-income population areas. Lyonnaise again!
- Public awareness and civil infrastructure in water/environment/energy.

**5. What final comments do you have on the workshop design, presentations, facilitation and/or logistical arrangements?**

- Excellent, excellent job. I learned more about PSP.
- Well done.
- Excellent organization.
- Excellent subject matter, logistical support/coordination and participation.
- Organizers did great job. Good speakers. Kathy was excellent keeping things/speakers on track – a tiger!!
- It was an excellent and worthwhile workshop. The opportunity of meeting colleagues and sharing ideas, etc., was an especially enjoyable and very useful aspect of the event, and will certainly reap rewards over time.
- All is excellent except that I think it needed more time as most of the speakers were going very fast because of the timing. Plus, please forget about sessions or presentations over lunch or dinner.
- Very well managed. Beautiful location.
- Overall good. Problems with A/C and sound system, but lovely hotel.
- Well done.
- Great.
- PSP should be considered throughout various sectors, not just water.
- It was good.
- Thanks.

- Everything went well, thanks to the organizers and facilitators. Can we plan for the next workshop, if there is, to hold sessions for working groups.
  - The workshop was very good -- more time should have allocated to discussions on subjects Facilitation was excellent, logistical arrangements were excellent.
  - In general everything was perfect, high attendance, nice facility and appreciate the efforts of the organizers as well as the facilitators.
  - Excellent logistics, very efficient team of facilitators, primo location – kudos to you all.
  - The workshop was excellent. Thanks to all people who contributed to it.
  - Very well done.
  - This should be a recurrent event every two years.
  - The design is good. Presenters were talking very fast due to timing.
- a) Well designed, good facilitation.
  - b) Flight difficulties (late arrival)
  - c) Good presenters in all
  - d) Excellent diversity of attendees especially the support of DAA and mission directors.
  - e) Thanks for the effort.
- a) Repeated sessions could have been eliminated by just allowing some extra question time for the whole group.
  - b) Overall rating = 5!
- a) A larger participation of USAID top management
  - b) Workshop design and logistics: excellent and pleasant.
  - c) Facilitation of concurrent sessions: Should better involve and control the sessions. Probably select or motivate interested facilitators.

**ANNEX 5**  
**WORKSHOP PRESENTATIONS**